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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
CONSUMER SERVICES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Mortgage Broker Practices Act of Washington by:

NO. C-04-008-04-CO01

RESIDENTIAL LOAN CORP OF AMERICA,
dba REZILLOAN, and RICHARD D. ERNST,
Designated Broker,

CONSENT ORDER

Respondents

COMES NOW the Director of the Department of Financial Institutions (Director), through her designee Chuck Cross, Division Director, Division of Consumer Services, and Residential Loan Corp of America, dba Reziloan, and Richard D. Ernst, Designated Broker (hereinafter collectively as "Respondents"), and finding that the issues raised in the captioned matter may be economically and efficiently settled, agree to the entry of this Consent Order. This Consent Order is entered pursuant to chapter 19.146 of Revised Code of Washington (RCW), and RCW 34.05.060 of the Administrative Procedure Act, based on the following:

AGREEMENT AND ORDER

The Department of Financial Institutions, Division of Consumer Services (Department) and Respondents have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-04-008-04-SC01 (Statement of Charges), entered March 22, 2004, (copy attached hereto). Pursuant to chapter 19.146 RCW, the Mortgage Broker Practices Act (Act) and RCW 34.05.060 of the Administrative Procedure Act, Respondents hereby agree to the Department's entry of this Consent Order and further agree that the issues raised in the above captioned matter may be economically and efficiently settled by entry of this Consent Order. The parties intend this Consent Order to fully resolve the Statement of Charges, entered March 22, 2004.

Based upon the foregoing:

A. **Jurisdiction.** It is AGREED that the Department has jurisdiction over the subject matter of the activities discussed herein.

CONSENT ORDER

1 **B. Waiver of Hearing.** It is AGREED that Respondents have been informed of the right to a hearing before
2 an administrative law judge, and that they have waived their right to a hearing and any and all administrative and
3 judicial review of the issues raised in this matter, or of the resolution reached herein.

4 **C. Mortgage Broker License.** It is AGREED that Respondents shall immediately surrender their mortgage
5 broker license. It is further AGREED that Respondents shall immediately provide the Department with a fully
6 completed "Mortgage Broker Office Closure/License Surrender Form."

7 **D. Affidavit of Non-Activity.** It is AGREED that Respondent Richard D. Ernst shall immediately provide
8 the Department with an Affidavit of Non-Activity, declaring the date (in or around April 2002) Respondent Residential
9 Loan Corp of America, dba Reziloan, ceased operation as a Mortgage Broker, and declaring that Respondents
10 transacted no further business requiring a license from the Department after that date.

11 **E. Restriction on Participation in the Industry.** It is AGREED that Respondents shall be prohibited from
12 participating in the conduct of the affairs of any licensed mortgage broker, in the capacity of an officer or principal, for
13 a period of five (5) years from the entry of this Consent Order. HOWEVER, any time after three (3) years of such
14 prohibition, Respondents may pay to the Department a fine of \$6,000.00 in the form of a cashier's check made payable
15 to the "Washington State Treasurer" in order to reduce the term of the prohibition.

16 **F. Application for Mortgage Broker License.** It is AGREED that Respondents shall not apply to the
17 Department for any license under any name for a period of five (5) years from the entry of this Consent Order.
18 HOWEVER, if Respondents choose to reduce their term of prohibition as described in paragraph E, Respondents may
19 apply to the Department for a license after three (3) years from the entry of this Consent Order.

20 **G. Fine.** It is AGREED that, consistent with paragraph E, should Respondents so choose, at any time after
21 three (3) years from the date of entry of this Consent Order, Respondents may pay to the Department a fine of
22 \$6,000.00 in the form of a cashier's check made payable to the "Washington State Treasurer."

1 **H. Employment in the Industry.** It is AGREED that paragraphs E, F and G are not intended to restrict
2 Respondents' ability to work as a loan originator or employee in the Mortgage Broker industry, even in the event that
3 such positions become subject to licensure by the Department in the future.

4 **I. Annual Assessments.** It is AGREED that Respondents shall pay to the Department the cumulative annual
5 assessments due through March 31, 2002 totaling \$1,013.95 (\$500.00 branch office annual assessment for the year
6 ended June 30, 2001 and \$513.95 main office annual assessment for the year ended March 31, 2002), in the form of a
7 cashier's check made payable to the "Washington State Treasurer" upon entry of this order.

8 **J. Investigation Fee.** It is AGREED that Respondents shall pay to the Department an investigation fee of
9 \$286.68, calculated at \$47.78 per hour for six (6) staff hours devoted to the investigation, in the form of a cashier's
10 check made payable to the "Washington State Treasurer" upon entry of this order.

11 **K. Compliance with the Law.** It is AGREED that Respondents shall comply with the Mortgage Broker
12 Practices Act and the rules adopted thereunder.

13 **L. Non-Compliance with Order.** It is AGREED that Respondents understand that failure to abide by
14 the terms and conditions of this Consent Order may result in further legal action by the Director. In the event of
15 such legal action, Respondents may be responsible to reimburse the Director for the cost incurred in pursuing
16 such action, including but not limited to, attorney fees.

17 **M. Authority to Execute Order.** It is AGREED that the undersigned have represented and warranted that
18 they have the full power and right to execute this Consent Order on behalf of the parties represented.

19 **N. Voluntarily Entered.** It is AGREED that the undersigned Respondents have voluntarily entered into this
20 Consent Order, which is effective when signed by the Director's designee.

21 **O. Completely Read, Understood, and Agreed.** It is AGREED that Respondents have read this Consent
22 Order in its entirety and fully understand and agree to all of the same.

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RESPONDENTS:

Residential Loan Corp of America, dba Reziloan

By:

/s/

Richard D. Ernst
President and Designated Broker

_5-20-04

Date

/s/

Richard D. Ernst, Individually

_5-20-04

Date

THIS ORDER ENTERED THIS _1st DAY OF _June, 2004.

/s/

CHUCK CROSS

Director and Enforcement Chief

Division of Consumer Services

Department of Financial Institutions